

JEDER MENSCH BRAUCHT
FREIHEIT, UM SEINE
ANLAGEN UND FÄHIGKEITEN
ENTFALTEN UND
VERWIRKLICHEN ZU KÖNNEN.
DIESE FREIHEIT KANN ER
VERFÄLLEN KULTUR UND
WISSENSCHAFTEN, STAGNIERT
DIE WIRTSCHAFT,
GEISTIGES LEBEN BRAUCHT
FREIHEIT GENAUSO, WIE DER
KÖRPER DIE LUFT ZUM ATMEN.

Liberales Institut

Jo Kwong

Globalization: Threat or Opportunity to Women in the Developing World?



*Occasional*Paper **5**

Imprint:

Published by
The Liberal Institute of the
Friedrich Naumann Foundation
Truman-Haus
Karl-Marx-Str. 2
D-14482 Potsdam

Tel.: +49 (0) 331.70 19 - 2 10
Fax: +49 (0) 331.70 19 - 2 16
Email: libinst@fnst.org
www.libinst.de

Production
COMDOK GmbH
Office Berlin
Reinhardtstr. 16
D-10117 Berlin

Printed by
ESM Satz und Grafik GmbH
Wilhelminenhofstr. 83-85
D-12459 Berlin

Second Edition 2005

Globalization: Threat or Opportunity to Women in the Developing World?

Jo Kwong

Globalization: Threat or Opportunity to Women in the Developing World?

Jo Kwong (Atlas Economic Research Foundation)

As the world becomes more and more integrated through new technologies that enable us to do more, in less time, in more parts of the world, one trend is clearly evident: Women are increasingly becoming an integral part of the global economy. While the impacts of women differ immensely from region to region, sector to sector, and culture to culture, there is widespread controversy about the process and impact of „globalization“ – the phenomenon that is largely viewed as responsible for these changes.

Proponents describe it as a process that generates positive opportunities for woman – and people in general. Opponents, or anti-globalists as they are often called, worry that globalization acts somewhat like a widespread cancer that harms people, particularly women and the poorest of the poor, by shifting resources and opportunities to those who can most afford them.

Discussions of globalization has taken central stage for many organizations devoted to assisting and developing opportunities for women, causing some organizations to move beyond their traditional hands-on, grassroots effort to grapple with issues of public policy. Self Employed Women's Association, a membership organization of nearly 70,000 women in the informal economy in the developing world, for example, states:

Globalization and the policies of economic liberalization have come to dominate the national and international debate both at the economic and political level. The debate on the issues concerning globalization seem to be polarized with some groups seeing it as leading to growth and development and the way out of poverty, and other groups seeing it as leading to more misery and impoverishment.¹

¹ From the SEWA website, <http://www.sewa.org/globalisation>. SEWA is a membership of nearly 700,000 members all of whom are women in the informal economy in all rural and urban sectors of work.

It is easy to understand why views on globalization are so wide ranging and why some are sounding alarm bells. As is frequently the case with terms that rapidly become part of our daily vernacular, definitions and understanding of the term are often glossed over. Few people can actually give an accurate definition of globalization – or agree on a single definition – leading to the situation in which loudly-proclaimed emotions and reactions become the defining „aura.“

This paper first examines the term „globalization,“ and then reviews some of the prevailing perceptions about globalization, paying particular attention to its impact on women around the world.

The underlying perspective of this paper is that globalization is an integral, inevitable part of human action. We can best improve conditions for women worldwide by facilitating opportunities for people to take actions to improve their individual lives. Through successive experimentation and observation about what works and what doesn't, people naturally adapt and improve their situations, and in so doing, gradually improve conditions for people as a whole. Hence, institutions which afford the greatest latitude for such exchange, discovery and action, offer our best hope for combating poverty, disease, inequality, and other problems that disproportionately impact women around the world. Conversely, institutions that constrain these opportunities, exacerbate poverty and misery, leaving others to control the lives of the poorest of the poor.

Globalization – Defining a Complex Controversy

Perspectives on globalization, are often, quite literally, worlds apart. Most often, the „first world“ policy makers hold an entirely different view than the „man on the street“ of the developing world. Consider this casual exchange between two parties, sharing a cab en route to the WTO ministerial meetings in Cancun, last year.²

Two female Canadian professors openly expressed their disappointment at what they saw as they left the airport and headed towards their hotel. „Look at all this,“ said one. „I was in Cancun in the '80s and this place was very indigenous. Now it looks just like the United States... Othere's a McDonald's, and a Burger King. Cancun has disappeared under the free trade agreement they signed with the U.S.“

2 Based on personal discussions with June Arunga, and her published account in the Providence Journal Newspaper, „Smug WTO foes no friends to poor,“ Akinyi June Arunga, September 21, 2003.

Their response was intriguing to the young Kenyan girl who shared their cab. The objects of the Canadian women's disdain represented pure opportunity for the Kenyan. „They were disgusted, but I looked around and saw opportunity. I wished that we had such hotels in Kenya, where we have wonderful beaches and many pleasant people who would benefit enormously if the tourism industry flourished, as it does in Cancun.“

This small exchange provides a glimpse of the schism that prevails. On the one hand, anti-globalists believe globalization represents exploitation of the world's poor by large, multinational corporations. They see McDonald's as an efficient symbol of „globalization,“ representing everything that is wrong with the world – a chimera that imposes its ugly head upon unwilling indigenous people in exotic places. Their concerns are many: they fear first world domination over peasants who slave away for pennies a day; they argue against the loss of indigenous culture; they see these losses in terms of damage to local pride, national psyche, the environment, and national output, and so on. They connect the situation to concerns about growing inequity among people of the world, and still further, to the eroding cohesion and viability of the state.³

Returning to the taxi cab conversation, when the puzzled Kenyan asked, „So, you would like to visit Cancun and see more indigenous people in their indigenous clothes, living in the indigenous huts, farming in their indigenous methods, and eating only their indigenous foods?“ The Canadians replied „It would be better for the environment and for cultural diversity!“

This response, so characteristic of the „scholarly“ community, is a far cry from the perspectives of the indigenous people they purport to be protecting. On the other side of the schism, are those who believe globalization represents opportunity and choice – two key factors that offer a way out of poverty and a chance to share in the fruits of 21st century.⁴

In order to understand the opposing camps described above, let's start by looking at some of the popular definitions of globalization.

In *Globalization and Its Discontents*⁵, the opening chapter *What is Globali-*

3 See for example, *Inequality, Globalization and World Politics*, by Andrew Hurrell, Ngaire Woods; Oxford University Press, 1999.

4 For example, the United Nations Development Programme's Human Development Report (HDR), which assesses the level of people's long-term well-being, explicitly stated that „the goals of development are choice and freedom.“

5 Stephen McBride, *Globalization and Its Discontents*, Basingstoke, England. Macmillan, 2000.

zation? acknowledges that „there is disagreement about how to conceptualize what is happening, noting that „Although the term is widely used to characterize the profound changes unfolding in the world, the nature of these shifts and what they mean remain debated questions.”

The book’s ensuing definition, however, does little to help clarify the situation: „Globalization can be defined as the unfolding resolution of the contradiction between ever expanding capital and its national political and social formations.”⁶

Other definitions similarly confound the discussion. The sociologist, Anthony Giddens, defines globalization as a decoupling of space and time, emphasizing that with instantaneous communications, knowledge and culture can be shared around the world simultaneously; a Dutch academic who maintains a website on globalization, ([http://globalize.kub.nl/Ruud Lubbers](http://globalize.kub.nl/RuudLubbers)) defines it as a process in which geographic distance becomes a factor of diminishing importance in the establishment and maintenance of cross border economic, political and socio-cultural relations; David Held and Anthony McGrew write in their entry for *Oxford Companion to Politics* that globalization can be conceived as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions, expressed in transcontinental or interregional flows and networks of activity, interaction and power.⁷

Some people, such as James H. Mittelman, author of „Making Globalization Work for the Have Nots,” suggest that this obtuseness may actually be a deliberate strategy, noting that „the loose nature of the term may be intentional as various groups seek to co-opt the language of globalization for their own purposes.”⁸ Indeed, the term is widely used by a wide range of advocacy networks and organizations including those that focus on human rights, the environment, women’s rights or world peace, for example, which frequently argue that globalization is contributing to environmental destruction, the spread of AIDS, or acts of

terrorism.⁹ One World Bank report¹⁰ even made the claim that „The terrorist attacks on the United States on September 11 were one aspect of globalization.”¹¹

This can all be reconciled by one writer’s astute observation: „Globalization is one of those words that seem to be all things to all people.”¹²

What is evident from a quick review of globalization discussions is that globalization loosely refers to changes occurring around the world. To make sense of the discussions, this paper will start by using the term globalization in its simplest sense – as defined in the *American Heritage Dictionary* – „To make global or worldwide in scope or application.”¹³

In order to make something „global or worldwide,” it must flow from one part of the world to another. Drawing from this simple definition, we can say that globalization is the exchange of goods, services, people, and ideas worldwide; and further, that globalization is facilitated as barriers are dismantled, allowing goods and information to move freely from place to place. The barriers can be political barriers – such as trade rules and tariffs; geographical barriers such as mountains and rivers; technological barriers, such as an inability to send infrared signals from one place to another; cultural barriers such as traditional taboos on women operating in the marketplace; or any other mechanism that interferes with people’s ability to engage in exchange.

Cutting through the many definitional challenges, this paper seeks to contribute to the globalization debates by offering alternative perspectives on common perceptions about globalization. In most instances, I make an overall general point about globalization and its relationship to people overall, and then move to the more specific case of its impact or relationship to women. Let me turn now to perspectives, which I will offer as a series of „myths.”

6 Ibid, p. 9.

7 From the internet site, <http://www.globalisationguide.org>, which points out that „One can be sure that virtually every one of the 2822 academic papers on globalization written in 1998 included its own definition, as would each of the 589 new books on the subject published in that year.”

8 James H. Mittelman, „Making Globalization Work for the Have Nots,” *International Journal on World Peace*, Vol. 19, 2002.

9 J. Guidry, Kennedy M., and Zald M. (2000). Globalizations and Social Movements. In Guidry J, Kennedy M., and Zald M., Editors. *Globalization and Social Movements: Culture, Power, and the Transnational Public Space*, Ann Arbor: The University of Michigan Press.

10 World Bank 2001: *Globalization, Growth and Poverty: Building and Inclusive World Economy*. New York, Oxford University Press.

11 For a good survey of definitions, see Mauro Guillen, „Is Globalization Civilizing, Destructive or Feeble? A Critique of Five Key Debates in the Social Science Literature,” *Annual Review of Sociology* 27 (2001): 235-260.

12 Renana Jhabvala, „Globalization and Economic Reform as Seen from the Ground: SEWA’s Experience in India,” paper presented to the Indian Economy Conference, Cornell University, April 19-20, 2003.

13 American Heritage(r) Dictionary of the English Language

Alternative Perspectives on Perceptions of Globalization

Myth 1: Globalization is a modern phenomenon, brought on by the rapid technological sophistication of our current world.

Despite the rising popularity of the term, globalization is a process that has been occurring as long as man has inhabited the earth. While many people associate globalization with modern technology, in its simplest sense, globalization is nothing more than exchange between peoples – cross-border economic, social, technological and cultural exchange. Centuries ago, as early explorers traversed the oceans, they were „globalizing“ as they brought information and goods from one continent to another – they were overcoming geographic barriers that previously prevented them from exchanging goods and customs. They returned home with spices, metals, clothes, foods and other items, perhaps most importantly new knowledge, previously unknown to the local population.

From this perspective, globalization is an integral part of human action.

Humans have an innate tendency to be curious about the unknown; to seek new ways to meet daily needs; to adopt innovative ways to improve on known processes; and to offer their children the very best opportunities possible. Universally, humans strive to transcend boundaries in the hope of achieving a better life for themselves, their families, and their communities. Everywhere, individuals struggle to overcome barriers erected by international bureaucracies, governments, ideology, and tradition.¹⁴ Hence, the history of man can be viewed entirely from the perspective of globalization – as the pursuit of a better way and of better opportunities.¹⁵ And, as will be discussed below, changes that increase opportunities and earning power of women leads to profound changes in the family and community including:

- Lowered birthrate;
- Improved family health and nutrition;
- Increased literacy;

14 See A World Connected, a project of the Institute for Humane Studies, <http://www.worldconnected.net/index.php>.

15 As F.A. Hayek described in his discussion of the transmission and communication of knowledge, „The tools of communication between contemporaries are part of the cultural heritage which man constantly uses in the pursuit of his ends.“ See *Constitution of Liberty*, Friedrich A.; Hayek, University of Chicago Press, 1960, p. 27).

- Declining infant mortality;
- Improved perceptions of a woman's role and value in society change; and
- Increase family and national income.¹⁶

Globalization is not a new phenomenon, but because of new technologies and other vehicles that facilitate exchange, women everywhere are taking new risks, integrating new ideas, and having a profound impact on their local environments.

Myth 2: The problem with globalization, as it is practiced today, is that it has no clear direction. It needs some sort of coordinated control, so „someone“ is in charge, providing goals and direction.

Many people are indeed uncomfortable with the idea that globalization is an uncoordinated process that leads to constant change. They see it as a fragmented, incomplete, discontinuous, contingent, and in many ways contradictory and puzzling process.¹⁷

Yet, I would argue that this is precisely the beauty of globalization. Similar to failed experiments to centrally-control economies, if we try to control globalization, we would lose out on many unintended – and, uncoordinated – benefits. Perhaps this is best described by F.A. Hayek, writing in the *Constitution of Liberty*:

„What we must learn to understand is that human civilization has a life of its own, that all our efforts to improve things must operate within a working whole which we cannot entirely control, and the operation of whose forces we can hope merely to facilitate and assist so far as we understand them. Our attitude ought to be similar to that of the physician toward a living organism: like him, we have to deal with a self-maintaining whole which is kept going by forces which we cannot replace and which we must therefore use in all we try to achieve.“¹⁸

16 For more information about the relationships between women, income, education, and other variables in developing countries, see the website <http://www.educategirls.org>. Educate Girls Globally (EGG) promotes education for girls K-12 in developing countries.

17 See for example, Mauro F. Guillen, „Is Globalization Civilizing, Destructive Or Feeble? A Critique Of Five Key Debates In The Social Science Literature,“ *Annual Review of Sociology*; Vol. 27 (2001).

18 Hayek, 1960, p. 69-70.

From this Hayekian perspective, the process of human action, and our innate search for improvement, is by nature, one that is spontaneous, uncoordinated and unintended. „We command many tools which the human race has evolved and which enable us to deal with the environment. These are the results of the experience of successive generations which are handed down. And, once a more efficient tool is available, it will be used without our knowing why it is better, or even what the alternatives are.“¹⁹

This is precisely the case when we look at globalization and women. Everywhere around the world, women are embracing new opportunities. Consider just a handful of statements about the changing impact of women in various countries:

- According to India's National Association of Software and Service Companies, by the end of this decade, women will account for 45% of the country's tech work force as compared to the current 14%.²⁰
- About 80% of the women in Mali are involved in business, primarily at the micro level.²¹
- In Poland, almost 10% of all women entrepreneurs are currently registered in non-agricultural sectors, which is twice the amount of 10 years ago.²²
- In Ireland, the percentage of women in the labor force has been increasing in almost all age groups, but most notably for persons under 25 and for married females aged 25 to 54, bringing female labor force participation to 46.8% in the first quarter of 2000, up by 2.3%.²³

Although globalization's reach is impacting all people, it is disproportionately changing life for women due to the new social, economic and cultural realms which they are increasingly entering. If we sought to control or direct the human action, we would be operating under the constrained view of one person or one organization regarding how the world should work. Such constraint would cause us to lose out on vital opportunities for women to participate in the global exchange.

19 Hayek, 1960, p. 27.

20 Chen May Yee, „High Tech Lift for India's Women," The Wall Street Journal, November 1, 2000.

21 Ministry of Trade, Bamako, Mali.

22 Ewa Lisowska, „Women Entrepreneurs in Poland" in Women's Entrepreneurship East-West Co-operation, Central European Initiative, Zagreb, Croatia, May, 2000.

23 Central Statistics Office Quarterly National Household Survey, First Quarter 2000, June 7, 2000.

Myth 3: Globalization is amounts to nothing more than capitalism, economics and domination by McCorporations.

As Canadian scholar's taxicab discussion suggested earlier, there are several corporate brands which have come to be symbolic of globalization – McDonald's, Gap, Starbucks Coffee, and many others. But we would be shortchanging the human side of this exchange if we looked at only the economics, or commercial aspects, of globalization.

Adam Smith, frequently referred to as the Father of Economics, is well-known for his treatise, the *The Wealth of Nations* in which he famously describes the benefits of trade. Less well-known to many people, however, is that Adam Smith was a moral philosopher who devoted much of his writings to the non-economic benefits from trade. Though he named several benefits to trade, including liberty and security of individuals, he noted that the least observed benefit – the promotion of equality – is by „far the most important of all their effects.“²⁴ By offering opportunities for people, trade lessens the instances in which people are dependent upon others – a situation he called ‚servile dependency.' This is certainly a key aspect with regard to women, as will be described in greater detail momentarily.

Likewise, in *Principles of Political Economy*, John Stuart Mill described how the „intellectual and moral" benefits far outweigh the importance of the economic advantages of trade. He noted „it is hard to overrate the value of placing human beings in contact with persons who are dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar."

In the modern-day publication, *A Globalist Manifesto for Public Policy*, Charles Calomiris similarly argues that the benefits of free trade are not just the static efficiency arguments that economists focus on, but „improvements in the ideas and opportunities available to ordinary citizens, and as a spur to improvement of education, moral sentiments and individual character. It follows that the greatest transformation in living standards from free international commerce in a free society should accrue to the poorest within poor countries, since they stand to gain the most from expanded opportunity. Thus the argument for free trade, understood properly, is not just based on efficiency gains, but also on the way trade transforms society and thereby reduces poverty." ²⁵

24 Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, London: Methuen and Co., Ltd., ed. Edwin Cannan, 1904. Fifth edition. Book 3, Chapter 3.

25 Charles Calomiris, „A Globalist Manifesto for Public Policy, Institute of Economic Affairs, London, 2002, p. 22.

Calomiris refers to one of this paper's most relevant aspects of the globalization process, namely that the opportunities afforded by globalization lead to greater prosperity. And since women are disproportionately poor, the changes are a significant factor in their well being. These links between globalization and prosperity, which have been studied for hundreds of years, are empirically demonstrated by several annual empirical studies.

*Economic Freedom of the World*²⁶, an annual publication produced by over 50 institutes internationally, ranks more than 100 countries in terms of economic freedom. The first report, published in 1996, was the result of a decade of research by more than 100 leading scholars, including several Nobel Laureates, in fields including economics, political science, law and philosophy. Using data going back to 1970, the report tracks the history of global economic freedom. The conclusion: Economic freedom is on the rise worldwide.

The key ingredients of economic freedom are personal choice, voluntary exchange, freedom to compete, and protection of the person and property. Keeping with the „servile dependency“ liberation idea of John Stuart Mill, the index illustrates how economic freedom liberates individuals and families from government dependence and gives them charge of their own future. Empirical research from nations around the world shows that this spurs economic growth by unleashing dynamism. It also leads to democracy and other freedoms as people are unfettered from government dependence. As Nobel Laureate Milton Friedman notes in the index's introduction, „Economic freedom advances economic growth, reduces poverty and promotes other civil and political freedoms.“ Consider one of the simplest benefits of „capitalism.“ Everywhere, women are overcoming traditions, customs, superstitions and prejudices and becoming major contributors in the marketplace. In China, for example, women are responsible for 25% of the businesses established since 1978. In Hungary, women started more than 40% of all businesses since 1990. In Mexico, 32% of women-owned businesses were started less than 5 years ago.²⁷ In almost every region of the world, the proportion of women in the labor force has grown substantially²⁸ In transition countries, women are estimated to comprise 20% to 25% of entrepreneurs.²⁹

26 Published annually by The Fraser Institute, Vancouver, Canada.

27 Susanne E. Jalbert, „Women Entrepreneurs in the Global Economy,“ Ph.D. March 17, 2000, p. 10–11.

28 Women and Diversity WOW! Facts 2001, Business Women's Network, Washington, DC.

29 Dina Ionescu, „Women's Entrepreneurship: Exchanging Experiences Between OECD and Transition Economy Countries“ in Women's Entrepreneurship East-West Co-operation, Central European Initiative, Zagreb, Croatia, May 2000.

Globalization, which increasingly allows women to sell their products outside to other markets – where the key driving force is the best product for the best price – women are able to leapfrog over local barriers – both physical and cultural. This not only changes the opportunities for women to engage in productive activity, it also forces local businessmen to reconsider their attitudes towards women as trading partners – or risk being put at a competitive disadvantage. Hence, it helps dismantle barriers that have long contributed to gender inequity.

Technology increasingly allows individuals – and again, women in particular – to stand on equal footing. When US companies use Indian women to process catalog requests or process mortgage applications, for example, no one on the other end knows where the processors are; what gender they are; what time zone they are living in, etc. All that matters is that they provide the best service at a price people are willing to pay.

As such, globalization is clearly much more than corporate domination. It is part of an ongoing process that can lead to real changes for real people everywhere. No where is this more important than in the case for women. As Susanne Jalbot, a consultant to small and mid-sized enterprises (SMEs) summarized, „Change is afoot in the global economy and it is bearing a woman's face.“³⁰

Myth 4: Globalization widens inequality between rich and poor.

In addition to gender inequity issue raised in the last point, discussions typically arise about globalization's impact on income inequity. Antiglobalist contend that rising income inequity is the inevitable result of market forces. Given free reign, market forces give the rich the power to add further to their wealth. Hence, large corporations invest in poor countries only because they can make greater profits from low wage levels or because they can get access to their natural resources. As a result, they fear that the gap between the rich and poor nations of the world is increasing. This in turn, exacerbates gender inequity since women are disproportionately poor.

For example, the 1999 issue of the United Nation's Human Development Report states that over the past ten years, the number of people earning \$1 a day or less has remained static at 1.2 billion while the number earning less than \$2 a day has increased from 2.55 billion to 2.8 billion people. The income of the richest 20 percent of the world's population was 30 times that of the poorest 20 percent in 1960 and 74 times that of the poorest group in 1977.

30 Jalbert, 2000, p. 8.

However, looking at relative figures masks an important trend: that incomes overall are rising. Johan Norberg writes in his book, *In Defense of Global Capitalism*, that between 1965 and 1998, average income „For the poorest one-fifth of the world's population, has more than doubled.³¹

Similarly, economist Xavier Sala-i-Martin found „no evidence of a dramatic or disturbing rise in income inequality" during the globalization period between 1970 and 1998. On the contrary, his study of aggregate GDP data and within-country income for that period led to his conclusion that income disparities during the last two decades have declined substantially. The world as a whole is becoming richer and the large group of people close to the poverty line has been shrinking since 1970, giving rise to a large middle class. The \$1/day poverty rate has fallen from 20 percent of the world's population to 5 percent over the last 25 years and the \$2/day poverty rate has fallen from 44 percent of the world's population to 18 percent. There were between 300 and 500 million fewer poor people in 1998 than there were in the 1970s.³²

Several annual economic indices including the aforementioned *Economic Freedom of the World and Index of Economic Freedom*³³ offer demonstrated evidence of overall rising incomes. But how can we understand the differences that exist among countries around the world? Why do some countries stay poor? One answer is extremely straightforward: The positive benefits of globalization, and hence incomes, are constrained where barriers are intentionally put in place to prevent either 1) the flow of information or 2) the adoption of new technologies.

With regard to the first instance, consider the barriers that are imposed on the people of China by government censorship and control of information exchange through the internet. While all Chinese newspapers, radio and television stations are owned by the state, the internet has proven difficult for the authorities to control. The battle to shut down privately-owned web sites illustrates the struggle between the authoritarian state and those seeking more freedom.

For example, the authorities have shut down, blocked, hacked or otherwise incapacitated the Democracy and Freedom Web site 38 times in the past three years, repeatedly disrupting the discussions it hosts on political reform, human

rights and other subjects the ruling Chinese Communist Party considers taboo. But each time the site has been closed, people have found a way to open it again.

Nationwide, China employs an estimated 30,000 people to enforce vague regulations against using the Web to disseminate „harmful information." „The most important battleground for freedom of speech in China is on the Internet now. The authorities realize that and they are trying to suppress it," said Wu Wei, a part-time college lecturer who has been playing a cat and mouse game with the country's cyber police.³⁴

Barriers that affect the flow of information inevitably constrain the outcomes that can result from the creative and productive use of the information. The good news, however, is that people are putting their ingenuity in place to circumvent these externally imposed barriers.

But access to information is only one piece of the puzzle. The other is the ability to act on new information. In *Barriers to Riches*, economists Stephen L. Parente and Edward C. Prescott, offer a public choice thesis: barriers to change are often erected by those who stand to benefit from preserving the status quo. Hence, local interest groups block efficient techniques by pushing for laws, regulations and other policies that stifle change, preserving their competitive advantage. As a result, „policies in some countries lead to barriers that effectively prevent firms from adopting more productive technologies and from changing to more efficient work practices."

These barriers help to keep the poor in relative poverty.

India is rife with examples of such protectionist policies. For example, although Indian automobile manufacturers began producing cars in the 1930s, there was very little development and growth in that industry for over 50 years. Auto manufacturing was heavily regulated, licensed and protected. Likewise, consumers faced high taxes and duties on imported automobiles and on gasoline. The upshot was that very little competition developed in India's automobile industry – autos with low fuel efficiency and high air emissions became the norm.

In recent years, however, the automobile sector has been slowly liberalizing, allowing some major multi-national corporations to set up shop in India. As a result of the increased competition and relaxed barriers, more efficient and less-

31 Johan Norberg, *In Defense of Global Capitalism*, Timbro, Sweden, 2001, p. 25.

32 Xavier Sala-i-Martin, „The Disturbing „Rise" of Global Income Inequality," NBER Working Paper No. w8904, April 2002.

33 Published annually by Wall Street Journal and The Heritage Foundation, Washington, DC.

34 Philip P. Pan, „Webmaster Finds Gaps in China's Net," *Washington Post*, May 24, 2004; Page A1.

polluting automobiles are available to Indian consumers. A free trade regime, from the outset, would have increased access to vehicles for consumers, lowered the cost of transportation, enabled the best technologies to be locally available, and improved air quality.³⁵

Similarly, in the early 20th century, strikes kept Indian textile mills from increasing the number of looms each worker operated. At the same time, steep tariffs kept foreign competition at a disadvantage. As a result, from 1920 to 1938 textile productivity rose by only a third as much in India as it did in Japan, which was beginning to climb to prosperity. In other words, to protect favored workers, India forces its economy to be less productive than it could be, making the country poorer.³⁶

Such protectionist policies can be particularly devastating to women in sectors such as the textile industry. Helen Rahman of Shoishab, an Oxfam-funded organization working in Bangladesh maintains that it is the emergence of the country's textile industry during the past 20 years that has given women better status: „The garment industry has stimulated a silent revolution of social change.“³⁷ The fewer barriers to the adoption of new technologies and processes, the better the situation for women in these sectors.

Parente and Prescott's research offers interesting challenges to anti-free traders. After examining a wide range of factors that are typically offered to explain the wealth gap (such as savings rates and education rates), they conclude that the efficiency of resource use goes a long way to explaining why some countries prosper and some stay poor. Those that incorporate new technologies to enhance productivity become more prosperous – a process that is facilitated with globalization. (Multinationals, in particular, play a tremendous role in transferring information, knowledge, and new technologies.) But, when local interest groups hamstring adaptation, poverty persists. Where governments have adopted free trade policies, local monopolies are forced to compete, opening up opportunities for all.

Despite traditional efforts by governments to prevent free exchange between people, the benefits of globalization can still prevail. New technologies are increasingly enabling people to leapfrog over local controls. In many parts of the de-

veloping world, including Africa, China, and India, women are connecting to people outside their village, grasping opportunities well beyond the local village employer (see the discussion on Internet kiosks below). This greatly diminishes the power of local „rich guys,” particularly if they have managed to achieve that status through graft and corruption. One by one, individuals acting in their own best interest, can increasingly choose from a broader range of options, thanks to globalization.

Myth 5: Globalization disenfranchises the poor in general and women in particular.

As the UNDP noted when it first added the gender-related development index (GDI) to its *Human Development Report* (which assesses „the level of people's long-term well-being”) in 1995, it stated that „in no society do women enjoy the same opportunities as men.”³⁸ While this may be true, globalization is increasing opportunities for women, and additionally, offering opportunities to take women's rights and issues to the next level.

The fourth annual A.T. Kearney/Foreign Policy Globalization Index compared its results with the UN's gender-related development index and concluded „The results show that, overall, women tend to be better off in countries that are the most globally integrated.”³⁹

Source: „Measuring Globalization: Economic Reversals, Forward Momentum, 2004 A.T. Kearney/FOREIGN POLICY Globalization Index, Foreign Policy Magazine, March/April 2004, p. 16.

Barun Mitra, president of the Liberty Institute in India, argues that women have been one of the biggest beneficiaries of economic reforms and liberalization in his country:

„With faster economic growth, and decline in poverty levels, many women have moved away from back breaking work on small rural farms. Women comprise almost half the rural workforce, engaging in physical labor on small agricultural plots. According to Mitra, there has been a 10% decline in the rural labor force in the past ten years – the fastest decline in a century – as the Indian economy is increasingly liberalizing. A growing percentage

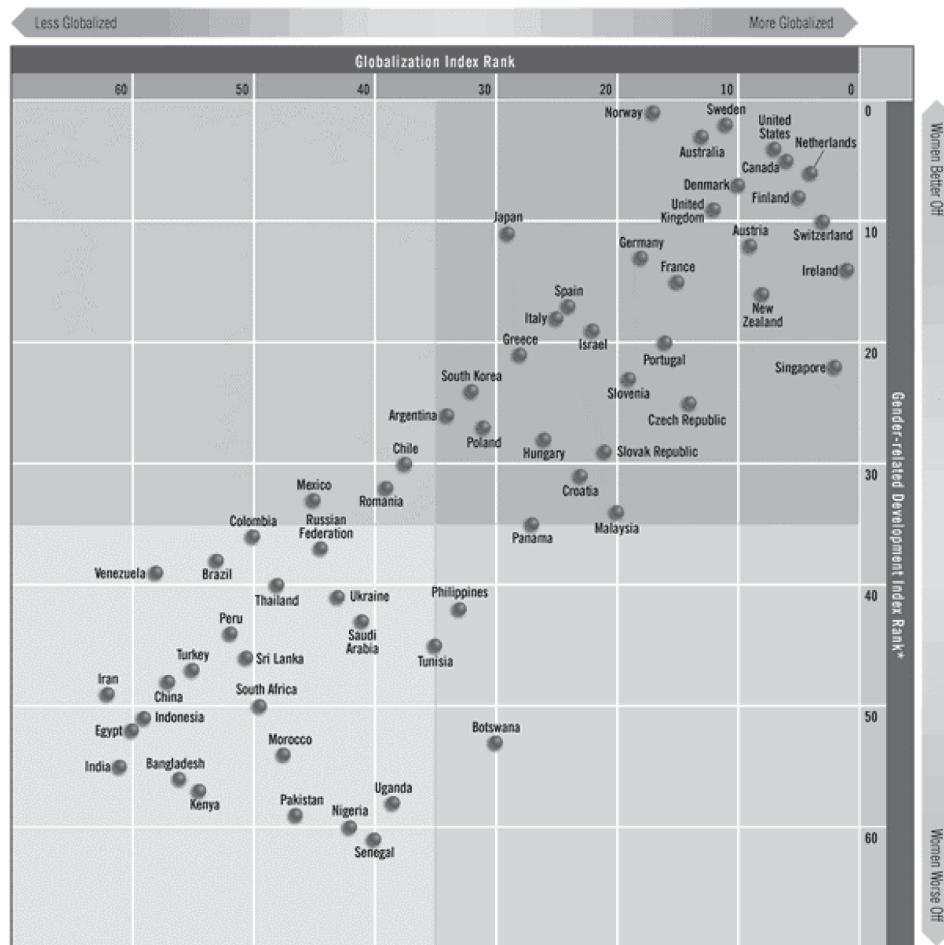
35 Personal interview with Barun Mitra, president of the Liberty Institute, New Delhi, 2004.

36 Virginia Postrel, „Economic Scene: Wealth Depends on How Open Nations are to Trade,” New York Times, May 17, 2001.

37 Johan Norberg cites the Oxfam report, „The clothes trade in Bangladesh” In Defense of Global Capitalism, Timbro, Sweden, 2001 =, p. 43.

38 UNDP, Human Development Report 1995, p.2

39 „Measuring Globalization: Economic Reversals, Forward Momentum, 2004 A.T. Kearney/FOREIGN POLICY Globalization Index, Foreign Policy Magazine, March/April 2004, p. 16.



(over 50%) of GDP is coming from service sectors. Consequently, the non-farming economy is supporting a larger number of families, and substantially improving the condition of many women."

Many rural families have migrated to urban centers, where the harsh conditions of urban slums are preferable to the even harsher conditions of their native villages. At the lowest end, many migrant women are working as domestic help in urban households which has greatly increased their cash income. More importantly, these women now have the opportunity to send their children to public and private schools in urban areas. „It is amazing to see the zeal with which these illiterate

mothers save and send their children to school in the hope that the next generation will find more attractive economic avenues," says Mitra.

This is a particularly important trend when we consider that:

- Girls represent 2/3 of the 130 million school-age children who are denied education.
- A mother with a primary education is 5 times (500%) more likely to send her child to school than a mother with no education.
- In much of Asia and Africa, one-half to two-thirds of adult women are illiterate, and fewer than half the girls finish primary school.
- When parents participate in schools, girls' attendance increases – up to 90% and higher even in the most traditional, Islamic communities.⁴⁰

In the Middle East, the internet has revolutionized the live of women, where traditions have severely limited avenues for personal interactions. In Saudi Arabia, restrictions on the daily activities of women have greatly limited their abilities to establish businesses. The first license to run a business was given to a Saudi woman in 1977. Since that time, thousands of women have opened small businesses, thanks to information they can access from their homes. According to one estimate, the number of Saudi businesswomen is expected to grow by at least 200% during the five-year development plan that began in 2001.⁴¹

There is been a marked increase in event organizing and travel planning businesses among Palestinian women, another group that has faced limited opportunities in recent decades. Specialized internet training sites teach women how to set up shop and operate. All their supplies can be ordered on-line and customers can live in any other city that has internet access.

As a powerful example of how globalization can lift up the most unlikely „victims," consider how technology is empowering low-caste village women in rural Chennai, India.

Thanks to an Integrated Circuit Technology project in this southern village, started by the M. S. Swaminathan Research Foundation, a group of 15 women, some of them from the so-called untouchable castes or Dalits, operate out of a small 10-ft by 10-ft room, where four computers share space with back-up batteries. The women speak no English and have not studied beyond high school.

40 See note 16 above on Educate Girls Globally at <http://www.educategirls.org>.

41 „How Women beat the Rules, The Economist, September 30, 1999.

At this and a dozen other Knowledge Centres spread over 40 villages scattered around the Pondicherry region, villagers get information on all kinds of situations and problems including employment, fish markets, loans, real estate, veterinary services, bus services, power outage schedules, weather, crops, livestock, and health. Each center caters to two-three villages in the surrounding area. All are interlinked via wired and wireless communications devices.

Despite these positive changes, many women continue to live under repressed conditions that are unimaginable to people in the developed world. Countries that come to mind include China and India, where historically, pre-arranged marriages led girls into oppressive marriages and families; Bangladesh and other places where domestic women are treated like property by their „employers.“⁴² A recent front-page news article described the horrific conditions among Ethiopia's largest ethnic group – the Oromo tribe – in which men hold a firm upper hand in society and women are often treated as servants. Marriage by abduction, allegedly a common practice, occurs when a man and his friends kidnap a woman he favors, rapes her and then pressures her to sign a marriage contract.⁴³

Of course, many women in repressive, closed countries are frequently not able to directly and immediately benefit from globalization. That is certainly a salient issue that can not be ignored. But we need to understand that globalization is not the cause of the continued misery of women, but instead, the process that can gradually help alleviate the conditions that perpetuate the oppressive conditions.

Furthermore, as more women take advantage of the opportunities resulting from more liberal economic regimes, their strengthening economic power can lead to greater political power in other arenas and in other countries. In a recent description of the 2004 elections in India, Columbia University professors Jagdish Bhagwati and Arvind Panagoriya note how the Indian scene is „increasingly populated by non-governmental organizations that work ceaselessly to energize the poor, reinforcing their ambitions and helping them to translate their new needs into effective demands in the polling booth and in local government. In the year 2000, there were an estimated two million NGOs in India. They grow daily, with

42 In 1999, SHOISHOB, an organization working with domestic labor in Bangladesh, published the results of a survey which covered more than 10,000 middle-class households in Dhaka. In these households, nearly 8,000 resident servants were counted, of whom 2,500 are minors, more than 80% of them girls. The peak ages of child servants are 10 or 11 and 14 or 15. See the website of the Third World Network at <http://www.twinside.org.sg/title/1918-cn.htm>).

43 Emily Wax, „Ethiopian Rape Victim Pits Law Against Culture,” Washington Post, June 7, 2004; Page A01.

educated women often forming these groups, when it was their fathers and grand-fathers who led the reform movements in India earlier.”⁴⁴

Chinese women, living in rural villages, traditionally have had little choice but to marry at a young age and live with the new husband's family – and the infamous „mother-in-law.” With increasing education and exposure, they are making their own decisions, as exemplified by the gaogenxie.com website (the name means „high-heeled shoes”, a symbol of freedom contrasting with the tradition of bound feet). „When women begin making their own decisions and are enabled to decide their own consumer behavior and chose their own employment, they become more insistent in demanding equal liberty and power in other fields, such as political arenas.”⁴⁵

While it is certainly true that the impacts of globalization on poor women are highly differentiated, globalization also helps women through its impact on civil society institutions. The pressures of globalization are leading to the growth of organizations that work at the grassroots level to ameliorate the negative impacts of economic changes on women in the developing world. For example, SEWA, the Self Employed Women's Association (a trade union of poor, self-employed women workers) conducts studies to identify areas of concern. SEWA has responded with training programs to address three major problem areas: relative decline in unskilled wages; increased vulnerability and exposure to risks; and a declining bargaining power of unskilled labor.

Particularly in the areas of agriculture, clothing manufacture, and forestry, SEWA has been successful in addressing some of the problem areas. SEWA studies showed, for example, that in the construction sector, the average earnings of women in Ahmedabad City, India, was Rs 60 per day as compared to Rs 128 for the men.⁴⁶ SEWA organized training to develop women masons – an effort that was highly ridiculed since „who ever heard of women masons?” However, after the training, about one-third of the trainees raised their earnings from Rs 60 to Rs 130 per day. Not surprisingly, this heightened the interest of other women to take the training, which is now an ongoing activity, ranging across other construction skills as well. Women in Ahmedabad City, with the help of SEWA, ignored cultural

44 Jagdish Bhagwati and Arvind Panagoriya, „Great expectations,” Wall Street Journal, May 24, 2004.

45 Norberg, 2001, p. 41.

46 SEWA (1999): „Labouring Brick by Brick: Study of Construction Workers,” SEWA Academy, Ahmedabad.

traditions against women masons and found themselves earning more than some men.

These groups serve an important mediating role in listening to the experiences of the poor, understanding the direct impacts at this level, and responding by providing the knowledge and information that is crucial to affecting human action.

Myth 6: Globalization runs roughshod over local values.

From the perspective of women, globalization offers positive opportunities to vastly change local customs and values.

In a broad sense, the beauty of globalization is that it does not force one particular way of life on anyone. Instead, through the uncoordinated actions of hundreds of people, each person is free to act on the values that they find important. And, since globalization involves uncoercive exchange between parties, the value must be acceptable to both parties.

Without doubt, there will be people who raise concerns that globalization negatively impacts local culture. For the most part, these folks fall into two categories: 1) academic types, like the Canadian women cited in the introductory pages, who hold a romantic, idealized version of „primitive“ cultures, and 2) people who have benefited from the status quo such as local businessmen who have enjoyed monopolies in the areas that women are entering and becoming successful in.

As noted earlier, as countries open up to competitive pressures, these traditional controlling parties will find themselves less and less able to benefit at the expense of women. This in turn, will force them to use resources more productively to remain competitive or risk ruin.

The cultural changes can be enormous. Several years ago, while attending an economics conference, I remember my initial surprise when an Indian woman raised the proposed topic for future a seminar – „the market and the rise of romantic love.“ She went on to explain how the increasing ability of women to engage in the market economy is doing much more than putting money in their pockets. For the first time, in some parts of the world, including her native India, women are able to shun pre-arranged marriages.

The changes are indeed creating an indirect chain reaction. Thanks to financi-

ally independence, they can not only turn away from these marriages, but they can chose marriage partners of their own. Western women can hardly imagine life any other way. But in these traditional cultures, it opens up enormous doors—including romance! The average marriage age is increasing in countries such as Bangladesh, thanks in part, to globalization. While this may be bad for men, it certainly has been embraced by the women.

As Johan Norberg nicely summarizes, „one of the traditions challenged by globalization is the longstanding subjugation of women. Through cultural contacts and the interexchange of ideas, new hopes and ideals are disseminated.“⁴⁷

Myth 7: Globalization's positive impacts flow disproportionately to those who have access to the internet and other „new“ technologies.

Once again, this builds on issues already addressed indirectly above, but several additional points are worth making.

I've noted how even in the repressed states, where only a small minority of the people have access to modern technology, the benefits to that small minority are making a tremendous difference, in effect, acting as a force for renewal. Note the examples of women's businesses in Saudi Arabia or the High-heel website in China.

Globalization also offers more direct benefits. Thanks to widespread information exchange, the developing world can sometimes leapfrog to newer levels of technology, sidestepping the growing pains associated with the development of new products and processes. For example, wireless technology, enables people to overcome primitive land lines – and the corruption associated with local control.

Perhaps more importantly, technology, in the form of Internet kiosks, offers an excellent way to bridge the technology gap, bringing poor women directly into the globalization process.

Earlier, I noted the Knowledge Centre projects which employ uneducated, largely illiterate women. Going one step farther, private investors, such as the Grameen Technology Center of Seattle, and non profit organizations are reaching thousands of women in villages across India, China, Africa, and other parts of the developing world by helping them set up their own small businesses, running internet kiosks. The centers serve as part cyber cafés and part digital town halls,

47 Norberg, 2001, p. 40.

linking isolated rural areas to the necessary information to conduct every day tasks. The proprietors earn income from a broad range of small transactions including banking services, medical consultations, crop disease diagnosis, licensing, E-commerce, E-mail and internet, E-Post – essentially a local E-Bay). In other instances, the kiosks are used to inculcate computer education among rural poor women and their children who are illiterates and semi-literates.

The majority of India's one billion people remain un-wired; less than 1% use the internet. But by taking advantage of low-cost wireless technology, the kiosks can be operated in villages that don't even have phone lines. In Ramachandra, a village in southern India's Tamil Nadu state, villagers can download applications for government social service programs for fees of 45 to 90 cents. Compared to the expense and trouble of the alternative—a several day bus rides to government centers – this is more than a convenience for the local residents.

DHAN, along with other organizations such as the Sustainable Access in Rural India (SARI) project has also invested in village internet centers, community computer training centers, computer aided adult literacy programs, etc. In Melur in Tamil Nadu, India, these organizations helped establish 20 internet kiosks covering 26 villages to offer various services. They are owned and managed by poor women through the support of their savings and credit groups.

In the Madurai district, the Kalanjiam Community Banking Programme is promoting a federation of women's groups that is reaching 75 villages; supporting 285 primary groups having 4300 poor women as its members. In this project, only poor women who are literate and members of the federation within the ages of 18-30 are eligible. They receive both software and hardware training, as well as entrepreneurial skills, maintenance and repair skills. Working in teams of 5, the women work towards making the kiosk financially self-sustainable.⁴⁸

Globalization can help bridge this access gap in longer-term, but just as important ways. Senthil and Vijaya Santhi Rani, sisters who obtained their first PC through Grameen, said the family talked about opening a computer shop for two years before making the leap. They bought three other computers with cash borrowed against their father's retirement fund which they use for computer education classes for young children.

48 K. Narender and Subbiah Nirmala, „Information Communciation Technology for Women: The Experience of Women-Managed Internet Kiosks at Melur, Tamilnadu, India," paper presented at the Forum on Women and Information and Communicataion Technologies in India and China, held in Adelaide, South Australia, organized by The Hawke Institute, November 5-7, 2003, p. 6.

„My goal is to help people around here who are ignorant about computers," said Senthil, pointing out that public school children do not get access to computers until they are in 12th grade.⁴⁹ The Rani's small family business is helping to change that in an area that desperately needs greater access.⁵⁰

James Tooley, director of the EG West Centre which studies how choice, competition and entrepreneurship operate in education markets around the world, found that on any given day, a large percentage of the Indian government school teachers fail to even show up for work. Additionally, most equipment, like computers, is stolen before students ever see them. The centre is finding that even in the poorest countries, women are willing to pay for private education of their children. As more and more women enter the workforce, this trend will continue to accelerate, bringing with it, the many benefits noted earlier (see Myth 1 and 5 above).

And finally, returning to a theme raised several times throughout this paper, the internet link has surfaced as one of the best tools to combat corruption. Some Indian state governments launched e-governance experiments in 2000, installing PC kiosks in selected villages that provide villagers with access to land records and other public services for a modest fee. Particularly in India, known for its extensive government bureaucracy and rampant petty corruption, this amounts to real changes in the daily operations of millions of people. In poor villages, people typically incur lots of „costs" to access „free services" of the government. Information and communication technology helps provide information instantly and reduces the „hidden" transaction cost of availing the government services for the rural areas. Not surprisingly, there is clear resistance on the part of government officials, habituated with corruption and bribes, to widely embrace e-governance. Yet, the forces once unleashed, are difficult to suppress.

Women are rapidly becoming leaders, even in the most remote villages. As demonstrated by the research of Ashima Goyal, a professor at the Indira Gandhi Institute of Development Research, that despite initial fears of being left behind,

49 „Internet fights poverty in India: Rural Poor Tap Economic Benefits," Karl Schoenberger, San Jose Mercury News, November 15, 2003, p. 3.

50 Studies increasingly demonstrate the importance of these education efforts. The Shanti Bhavan school outside of Bangalore, was started by Abraham George, a successful Indian who returned to his country and started a privately financed boarding school for children of the lowest casts of India. As described by Thomas L. Friedman, the success of the school illustrates how India's most deprived students, when armed with access and technology, can also „thrive in globalization." See „Making India Shine," Wall Street Journal, May 20, 2004.

women are overtaking men in use of the Internet. Companies are intentionally using teleworking to utilize skilled women who have left full time work, and to maintain the skills of their young female employees.⁵¹

Parting Observations

Globalization has come to mean many things to many people. This paper offers one explanation for that breadth of definitions, consequences, and impacts that are associated with globalization by looking broadly at globalization as „human action,” and more specifically, as the cross-border economic, social, technological and cultural exchange.

Any review of history – or current events – illustrates how everywhere, people strive to achieve a better life for themselves, their families, and their communities. This pursuit – this human action – is the driving force for globalization.

My basic premise, drawing directly from the economist F.A. Hayek, is that the actions of hundreds of millions of individuals – each building upon the results of their experiences and the experience of others– leads to the building of a „better mouse trap.” No one person can aggregate the necessary information to create a direct path from Point A to Point B. Yet, indirectly, this human action takes place every day. People witness the successes and failures of others, and act on those observations. Incrementally, they discover better ways to get things done. And this has led to changes –“globalization” – that have had economic, social, cultural, and legal impacts on people worldwide.

From this perspective, it is imperative that we embrace institutions which enhance these opportunities. Since we never know who will ultimately take us from Point A to Point B, we can not regulate or designate the „right” process or person. Those institutions which afford the greatest freedoms, will lead to the greatest opportunities, the widest range of outcomes and experiments, and hence, the greatest benefits.

The key policy question, then, is not whether globalization is „good” or „bad,” but instead, how can we maximize its positive impacts? Everywhere individuals struggle to overcome barriers erected by international bureaucracies, governments, ideology, and tradition. Policies that dismantle these barriers will best serve to unleash human creativity and allow people to act on their ideas.

51 Ashima Goyal, „Why women lag and why they may lead,” Ashima Goyal, Indira Gandhi Institute of Development Research, September – October 2003.

I’ve noted how the *Index of Economic* and the *Freedom of the World* index offer sound empirical data on the policies that open countries to interaction, and how this interaction relates to prosperity. The indices offer a variety of variables which they analyze, but they can be boiled down to four basic elements⁵² that offer the basis for expanding opportunities:

- Freedom to Trade – people need to be free to trade with each other. This is best enhanced by adopting open trade policies, with few, if any, non-tariff barriers, such as import quotas or licensing requirements that restrict trade.
- Freedom to Invest – people need the freedom to invest. Restrictions on foreign investment must be few and do no significant economic harm.
- Freedom to Operate a Business – policies must not be overly burdensome regulations, but instead should maintain simple licensing procedures and apply regulations uniformly.
- Secure Property Rights – well-established rule of law protects private property and provides a secure environment where business transactions can take place. A transparent judicial system is crucial to protecting these rights.

With the freedom to trade, invest, and operate a business, human activity can flourish. An institutional adaptation over long periods of time is a process that can lead poor countries to become rich. Returning to the specific case of women, we have seen that they are not only benefiting from these adaptations, but have been important drivers of the globalization processes. Globalization’s cross-boundary exchange is enabling people across the world to overcome geographic and technological barriers that once separated them. Women are benefiting to an even greater extent, as they are increasingly able to sidestep cultural barriers as well.

In China, India, Africa, and other parts of the world, where women have been bound by tradition, women are enthusiastically embracing new opportunities to engage in exchange. Women are rapidly becoming leaders, even in the most remote villages.

Women such as Sukanya Sakkarai, of Ulaguptichanpatti, India, who, despite graduating from high school at the top of her class, once faced the sole path of a pre-arranged marriage to a stranger. But, thanks to globalization, today the 19-

52 These four elements were first proposed by the 2001 Index of Economic Freedom, Marc A. Miles et. Al., Heritage Foundation and Wall Street Journal, Washington, D.C.2001.

year-old runs a thriving small business, acting as a kind of village ombudsman, brokering e-mail exchanges and even videoconferences between semiliterate villagers and the government bureaucrats who still control many aspects of their lives.⁵³

The question now is whether the agent of Sakkarai's emancipation could one day be that of rural India's and every other city and village of the world. That depends, in part, on the institutions that these countries embrace.

Given the institutions that enhance freedom, we can rest assured that human action will prevail. Through the uncoordinated, yet creative human action of men and women around the world, globalization is not the problem, but the solution to a world of equal opportunity for all people.

53 John Lancaster, „Village Kiosks Bridge India's Digital Divide," Washington Post, October 12, 2003, p. A1.



Jo Kwong is the Director of Institute Relations at the Atlas Economic Research Foundation in Fairfax, VA. Kwong received her doctorate in Natural Resource Economics and Management and a Masters in Urban Planning from the University of Michigan. Her undergraduate degree in biology and urban studies is from Brown University. Before joining Atlas in 1990, she has worked at the Political Economy Research Center (Bozeman, MT), Institute for Humane Studies (Arlington, VA), and Capital Research Center (Washington, DC).

She has published several books on globalization and environmental issues. In addition, Dr. Kwong has published in journals including the Harvard Journal of Law and Public Policy, Urban Lands, and the American Land Forum, as well as in the popular press such as the Wall Street Journal and The New York Times.